INFORMATIONAL LETTER NO.1510

DATE:	June 2, 2015
TO:	Iowa Medicaid Hospital Providers
FROM:	Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)
RE:	ICD-10 Implementation – Clarification of Procedure Classification System (PCS) Code Structure and Reimbursement
EFFECTIVE:	October 1, 2015

ICD-10-PCS codes are used on institutional claims to report inpatient procedures and were developed as replacement for volume three of the International Classification of Diseases, Ninth Revision (ICD-9-CM). **Current Procedural Terminology (CPT) and/or Healthcare Common Procedure System (HCPC) codes are used on professional claims** to report services performed by health care professionals. The following information applies *only to inpatient procedures reported on institutional claims:*

With the ICD-10 implementation, the IME is making a process change regarding the payment of three character root operation ICD-10-PCS inpatient procedure codes. This payment change was previously announced in [Informational Letter 1504](#)[1]. The procedure codes are composed of seven characters:

- Root operation (first three characters of the code)
- Body part (fourth character of the code)
- Approach (fifth character of the code)
- Device (sixth character of the code)
- Qualifier (seventh character of the code)

The first three characters of the procedure code are included to define the heading for the procedure code tables in the ICD-10-PCS code book. These table heading codes or root operations are further subdivided providing the possible last four characters of codes.

Within the ICD-10-PCS procedure code table, valid procedure codes must include all seven characters. The World Health Organization (WHO) and National Center for Healthcare Statistics (NCHS) have determined that a three character root operation is *not* to be used alone when billing a procedure. If a three character root operation is used alone on an institutional claim, the claim will be denied.

If you have any questions, please contact the IME Provider Services Unit at 1-800-338-7909, or by email at ICD-10project@dhs.state.ia.us.

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[1] https://dhs.iowa.gov/sites/default/files/1504_ICD-10-PCS_Coding_Conventions.pdf